ABSTRACT OF THE DISCLOSURE

A method and system for performing a batch auction whereby a series of orders, according to a variety of predetermined order types, are generated by qualified market participants and communicated to an auction system. The auction system takes into account each order and its impact upon relative supply and demand to determine by a preset algorithm a price and share transaction quantity. Trades are executed at the price, and a portion of the transaction quantity is allocated to each investor on a fair basis dependent upon their initial orders. In embodiments of the present invention, the auction system uses a computer system or network designed to automatically perform one or more steps of the above method. Such a system is preferably connected to one or more ECNs such that non-executed shares can be automatically sent to outside sources for execution. In alternative embodiments, the invention includes the use of a one or more intermediaries or market makers to cover certain unexecuted trades at the determined price. The present invention is preferably used to conduct batch auctions at the opening and closing of securities trading markets.